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FISCAL IMPACT STATEMENT

LS 7563 **NOTE PREPARED:** Jan 11, 2011
BILL NUMBER: SB 550 **BILL AMENDED:**

SUBJECT: Redevelopment commissions and authorities.

FIRST AUTHOR: Sen. Boots **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL** **IMPACT:** Local
DEDICATED
FEDERAL

Summary of Legislation: *Oversight:* This bill provides that the legislative body of a unit must approve the budget, the tax levy, spending, bond and debt financing, a lease pertaining to bonds or debt financing, payment of capitalized interest, selling of property, and allocation of excess tax revenue of the unit's redevelopment commission and redevelopment authority.

Fiscal Officer: The bill provides that the fiscal officer of a redevelopment commission or redevelopment authority is the fiscal officer of the unit that established the commission or authority. It also authorizes the fiscal officer to obtain financial services on a contractual basis.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Oversight:* Under current law, a county or municipality may create a redevelopment commission or in Marion County, a department of metropolitan development. Under this bill, the legislative body of the taxing unit that created the commission or department would have oversight over:

1. The commission or department budget and tax levies;
2. The issuance of certain debt or obligations, including the execution of leases; and
3. The sale or disposal of property.

A commission would not be permitted to issue debt or obligations, including the execution of a lease, that would be paid with tax revenue without first obtaining approval from the enabling taxing unit's legislative body.

Proceeds from bonds may currently be used to pay up to 5 years worth of interest on the bonds. This bill would reduce the limit to 2 years. Also, the legislative body would be required to specifically approve the payment of capitalized interest.

In a TIF area, captured tax payments are allocated to the redevelopment district and may be used to repay debt and for a variety of uses related to the operations of the redevelopment commission. Under this provision, the unit's legislative body would direct the allocation of the captured tax payments. The redevelopment commission would need specific approval from the legislative body to make an expenditure.

Fiscal Officer: Under current law, a redevelopment commission may appoint a treasurer who is not a member of the commission. A treasurer who is not a member may be compensated. Under this bill, the fiscal officer of the enabling taxing unit would become the fiscal officer of the commission. For Indianapolis/Marion County, the city controller would be the fiscal officer of the commission. The fiscal officer would be permitted to contract for financial services. The fiscal impact for this provision would differ by commission. The impact would depend on whether the current treasurer is compensated and whether the new fiscal officer contracts for financial services.

Overall Impact: The added review by an elect body could result in reduced redevelopment commission expenditures which could lead to a reduction in property taxes. The impact on redevelopment, if any, is unknown. The actual impact would depend on local action taken under this bill.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Redevelopment Commissions; Department of Metropolitan Development; Counties and cities.

Information Sources:

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